

## Message Text

LIMITED OFFICIAL USE

PAGE 01 JAKART 08998 070506Z

ACTION EA-09

INFO OCT-01 ISO-00 AS-01 L-03 EB-07 CIAE-00 INR-07

NSAE-00 COME-00 AGRE-00 TRSE-00 /028 W

-----080937 070545Z /17

R 070340Z JUL 77

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 2270

LIMITED OFFICIAL USE JAKARTA 8998

E.O. 11652: N/A

TAGS: BPRO, ID

SUBJECT: OFF-JAVA SUGAR MILLS PROJECT

REF: STATE 149435

1. EMBASSY WAS FIRST MADE AWARE OF PROPOSAL OUTLINED REFTEL BY A LETTER DATED APRIL 14 FROM KARLI'S COMPANY, AN INDONESIAN ENGINEERING/CONSTRUCTING FIRM WHICH STATED KARLI ASSISTING P.T. SEPUTIH MADU TO PUT TOGETHER A PROJECT A CONSTRUCT AN 8000 TON OF CANE/DAY (TCD) SUGAR MILL IN LAMPUNG PROVINCE. PROJECT WOULD BE ACCOMPANIED BY TRANSMIGRATION AND BASED ON SUPPORT FROM U.S. CIVIC ACTION AGREEMENT. LETTER IDENTIFIES P.T. SEPUTIH MADU AS A FIRM CONTROLLED BY RETIRED AIRFORCE PERSONNEL. COPY SENT TO EA/IMS: KENNEY, OF EMBASSY RESPONSE TO KARLI LETTER IN WHICH COMATT POINTED OUT THAT CIVIC ACTION PROGRAM HAS BEEN INACTIVE SINCE 1970. AMBASSADOR RECEIVED LETTERS FROM P.T. SEPUTIH MADU DATED MAY 26, MAY 30 AND JUNE 9, WHICH IN ADDITION TO DESCRIBING THIS ABOVE PROJECT MORE FULLY ALSO OUTLINED SEVERAL SUGAR AND/OR TRANSMIGRATION PROJECTS FOR VARIOUS OUTER ISLAND SITES, INCLUDING ONE CALLING FOR A 12,000 TCD MILL.

2. AFTER RECEIPT REFTEL, AGATT AND COMOFF CALLED ON LIMITED OFFICIAL USE

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DIRECTOR-GENERAL FOR ESTATE CROPS, MAJ. GEN. PANG SOEPARTO, TO DISCUSS P.T. SEPUTIH MADU PROPOSAL. SOEPARTO HAD NOT HEARD OF PROJECTS BUT ONE OF HIS ASSISTANTS HAD. AFTER HEARING ASSISTANT'S AND EMBOFFS' DESCRIPTION OF PROJECTS, SEOPARTO WAS SKEPTICAL ABOUT FEASIBILITY OF PLANS. HE POINTED OUT THAT AMOUNT OF HECTARAGE SEPUTIH MADU PROPOSED TO DEVELOP EXCEEDS TOTAL HECTARAGE CURRENTLY

PLANTED TO CANE IN INDONESIA. HE ALSO MENTIONED  
THAT CURRENT GOI STRATEGY IS TO DEVELOP SMALL LABOR  
INTENSIVE SUGAR PROJECT RATHER THAN LARGE PLANTATIONS  
AS PREVIOUSLY HAD BEEN THE CASE (SEE SEPTTEL).

3. LOCAL BRANCH OF CITIBANK HAS NOT BEEN  
CONTACTED BY P.T. SEPUTIH MADU RE THESE PROPOSALS.  
CITIBANK HAS, HOWEVER, ENGAGED IN SUBSTANTIAL  
FINANCING OF RESTORATION OF SUGAR MILLS IN PHILIPPINES  
IN POST WORLD WAR II PERIOD.

4. COMMENT: PROPOSAL APPEARS TO BE ONE OF MANY GRANDIOSE  
PRIVATE DEVELOPMENT SCHEMES FOR INDONESIA THAT COME  
TO OUR ATTENTION FREQUENTLY. NORMALLY, KEY MISSING  
FACTOR IN SUCH SCHEMES IS FINANCING, WHICH NEVER  
DOES BECOME AVAILABLE. RECOMMEND THAT STATE ADVISE  
T.R. RAY NOT TO EXPECT THAT ANY BUSINESS WILL  
RESULT FROM THIS PROPOSAL. END COMMENT. KARLI'S  
COMPANY AND P.T. SEPUTIH MADU HAVE BEEN ADVISED  
THAT CIVIC ACTION PROGRAM NO LONGER ACTIVE.  
NEWSOM

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
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**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Reference:** 77 STATE 149435  
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**TAGS:** BPRO, ID  
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**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009